

# One Hundred Fifth Legislature - Second Session - 2018

## Introducer's Statement of Intent

### LB1005

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**Chairperson: Senator Mark Kolterman**

**Committee: Nebraska Retirement Systems**

**Date of Hearing: February 02, 2018**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

If a county or school entity elects to withdraw, in whole or in part, from the County or School Retirement Plan, LB 1005 ensures that the withdrawing entity bears: (1) the financial liability to provide retirement benefits for affected plan members; (2) the cost of any actuarial study necessary to calculate such financial liability; and (3) the administrative costs connected to the entity's withdrawal incurred by the Board and the Nebraska Public Employees Retirement System. It grants the Board authority, after receiving recommendations from the actuary, to set the methodology and assumptions used to calculate the obligation of the retirement system to provide benefits for plan members affected by the entity's business transaction. Affected employees are considered fully vested if terminated from the plan due to the entity's decision to withdraw. Within ninety days of the entity's withdrawal, the affected members are considered inactive.

LB 1005 also provides the Public Employees Retirement Board the authority to determine if an entity currently participating in the County or School Plan, no longer qualifies as a participating employer in whole or in part, in a governmental plan under Internal Revenue Code (IRC) 414(d). If an entity no longer qualifies, then the Board must notify the entity within ten days of making its determination, change the affected members' status to inactive within ninety days and calculate liability and costs that are assessed against the entity.

The purpose of this bill is to ensure that the County or School Retirement System is not financially liable for any of the costs of an entity's business transaction that results in withdrawal from the plan and to minimize the risk that the State, other entities covered by the plan, or plan members will bear the cost of any one entity's business transaction.

**Principal Introducer:** \_\_\_\_\_

Senator Mark Kolterman